19 November 2013

In a coup for the tourism industry, the Northern Territory Government has announced that leading travel company, AOT Group, will take over the licence to operate Territory Discoveries, a government business division of Tourism NT.

Minister for Tourism Matt Conlan said the move would prevent the business from closing down.

“This is the best possible outcome for tourism suppliers and staff and will save Territory Discoveries,” Mr Conlan said.

“AOT is the largest wholesale distributor of Australia and New Zealand travel products and services in the world. This means it will be able to generate additional sales of Territory tourism product and reduce the overheads that Territory Discoveries presently incurs.

“In good news, the Territory Discoveries brand will be maintained by AOT along with a call centre in Alice Springs, securing the jobs of at least six employees who work there.

“Importantly, the licence agreement includes conditions around maintaining support for small to medium tourism business in the Territory – and in fact AOT’s track record in Queensland and New South Wales shows that sales actually increased for these small operators due to the company’s wide distribution networks.

“Performance measures have also been built into the agreement with AOT to ensure it meets this Government’s objectives of growing tourism in the Territory.

“Additional sales will benefit contracted Territory tourism sellers and help achieve the Country Liberals vision of a $2.2 billion visitor economy by 2020."

Territory Discoveries was responsible for $11.6 million in gross sales of tourism product in 2012-13. It was established in 1998 and is the last government-owned tourism wholesale business in Australia.

A review into the future of Territory Discoveries was conducted by independent consultants in 2011 under the previous Labor Government. An Expression of Interest to conduct the business under licence from the NT Government was issued in May 2013.

“We’ve been forced to go down the licensing path because Territory Discoveries’ business structure is not financially sustainable in the long term and is costing Territorians $3.5million a year in significant government funding to keep the business afloat,” Mr Conlan said.

“The new arrangement will provide Territory Discoveries with a business model that is sustainable, allow it to adapt more readily to change, and enable it to access a far more contemporary reservations system.”
Suppliers will be contracted by the AOT Group for the 2014-15 cycle and their commission levels held steady.

Considerable efforts have been made to look after the interests of Territory Discoveries staff, who have been involved throughout the transfer process. Territory Discoveries has 23 permanent staff – 11 in Alice Springs, six in Darwin and six interstate.

“To enable Territory Discoveries’ call centre to continue, the Government will provide premises rent-free for the period of the agreement,” Mr Conlan said.

“AOT has agreed to offer six jobs to Alice Springs based reservation staff to operate the call centre, but 17 permanent positions will become redundant. We’ll be doing all we can to help affected staff find alternative employment within Tourism NT or the AOT Group.”

Transitioning will begin next month (December), with the new arrangement to commence fully on 1 February 2014.

AOT will have the option to take full ownership of the operation on expiry of the agreement after three years. It purchased similar businesses from the Queensland and New South Wales governments after operating them under licence.

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